

**MINUTES OF THE
TRANSPORTATION, ENVIRONMENTAL QUALITY & NATIONAL GUARD
APPROPRIATIONS SUBCOMMITTEE**

Room 25, House Office Building, State Capitol Complex

Wednesday, February 4, 2009

MEMBERS PRESENT: Sen. Kevin T. Van Tassell, Co-Chair
Rep. Wayne Harper, Co-Chair
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Mark B. Madsen
Sen. Luz Robles
Rep. Rebecca P. Edwards
Rep. Neil Hansen
Rep. Neal B. Hendrickson
Rep. Don L. Ipson
Rep. Patrick Painter
Rep. F. Jay Seegmiller
Rep. Kenneth Sumsion
Rep. Carl Wimmer

STAFF PRESENT: Mark C. Bleazard, Fiscal Analyst
Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts are filed with committee minutes.

Sen. Van Tassell called the meeting to order at 2:12 p.m.

MOTION: Rep. Hendrickson moved to approve the minutes of the meetings of January 28 and February 2. The motion passed unanimously with Sen. Jenkins, Sen. Madsen, Sen. Robles, Rep. Edwards, and Rep. Painter absent for the vote.

Department of Transportation

Tracy Conti, Operations Engineer, with a handout detailed the travel cost comparison to Blanding and St. George when travel is by car, either of the state planes, charter service or commercial airline. Figured in were wages and per diem costs. Commercial to St. George is slightly cheaper than using a full state plane. John Njord, Director of the Department of Transportation, reported that the primary users of the state plane by UDOT are the Transportation Commissioners. The commissioners, who are volunteers and come from various parts of the state, meet once a month at a different location each month; and some are flown to the meeting. Use of the state planes allows them to visit remote locations more often to view

road projects.

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Mineral Lease

Janice Coleman, Audit Supervisor, Office of the Utah Legislative Auditor General, assisted by Tim Osterstock, Audit Manager, ULAG, reported on the Mineral Lease Audit conducted last summer on the use of mineral-related funds in Uintah Basin. Mineral related money comes from two sources: federal mineral lease money and state severance tax. Uintah County received in the last five years \$134,600,000 of which 42% was allocated to transportation. That number has declined over time. The unrestricted fund balance is large and was increasing until 2007. The audit recommended that "the Legislature consider prioritizing transportation for the federal lease money channeled through UDOT by codifying the intent language that accompanies the UDOT federal mineral lease appropriation." The counties strongly opposed this recommendation. The auditors also distributed an opinion from the Office of the Legislative Auditor General which states that the above mentioned recommendation does not violate federal law.

Mark Bleazard, Fiscal Analyst, reported that the intent language relating to Mineral Lease has been accepted by the legislature for at least 24 years. The intent is to encourage counties to use the federal mineral lease money to improve roads to the facilities that are extracting the minerals. The intent also encourages the industries to participate. The analyst recommends that this intent language be accepted.

Sen. Van Tassell pointed out that Seep Ridge Road is a project that will use some of this mineral lease money and is vital to the state and to school trust lands.

Michael McKee, Chairman Uintah County Commission, responded to the report on the audit. Mineral Lease money is a 12.5% royalty assessed on federal lands. The use of the 40% that comes back to the county of impact is specified by federal statute to be used for planning, infrastructure, and community services. The commissioner put forward the idea that congress intended the local subdivisions impacted by the generation of those funds have priority in deciding on the use of the funds, and that the current intent language is counter to federal law. A handout was distributed, but not discussed at this meeting.

Aeronautics

The Division of Aeronautics is responsible for statewide aeronautical navigation by providing radio navigational aids and air safety standards. The Division owns and operates three VOR/DME navigational radio stations, a Non-Directional Beacon navigational radio station, and three Automated Weather stations. The Division supplies executive air transportation for the Governor and state agencies. The base budget recommendation for the Aeronautics Division for FY 2010 is \$27,285,300 which includes funding for five programs: \$489,400 for

Administration; \$23,536,100 for Airport Construction of which \$3,536,100 comes from the tax on air fuels and \$20,000,000 is a federal match; \$75,000 for Civil Air Patrol; \$2,240,000 for Aid

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to Local Airports; \$944,800 for Airplane Operations. This budget has not been reduced because the source of funds is aviation fuel tax rather than General Fund.

Director Njord reported that the six-passenger King Air aircraft needs refurbishing. The plan is to use the proceeds from the sale of the Baron aircraft to finance this refurbishing. The Baron may not sell or the funds might need to be used elsewhere. In which case, the Department may need to sell the six-passenger King Air.

Mineral Lease

The Mineral Lease program is a pass-through program in which the Department of Transportation distributes 40% of all deposits made to the Mineral Lease Account to special service districts impacted by mineral development and to counties in which school or institutional trust lands are located or land owned by the Division of Parks and Recreation, and or lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract. The base budget for FY 2010 is recommended at \$61,669,000. This includes funding for Mineral Lease Payments at \$59,200,000 and for Mineral Lease - Payment in Lieu at \$2,469,000 which is determined by multiplying the number of acres of the above described lands by \$.52. The Department has no oversight over the use of this money.

MOTION: Rep. Harper moved to accept the following intent language:

The Legislature intends that the funds appropriated from the Federal Mineral Lease Account shall be used for improvement or reconstruction of highways that have been heavily impacted by energy development.

The Legislature intends that if private industries engaged in developing the State's natural resources are willing to participate in the cost of the construction of highways leading to their facilities, that local governments consider that highway as a higher priority as they prioritize the use of Mineral Lease Funds received through 59-21-1(4)(c)(i). The funds appropriated for improvement or reconstruction of energy impacted highways are non-lapsing.

The motion passed unanimously with Sen. Madsen and Rep. Wimmer absent for the vote.

Sidewalk Construction

The purpose of the Sidewalk Construction Program is to fund the cost of correcting pedestrian hazards and other safety projects on State highways. These funds are matched with funding from local governments. The formula for distribution is based on the three following areas: Population estimates make up 25% of the criteria. School enrollments for the previous school

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year make up another 25%. Pedestrian accidents on state highways make up the remaining 50%. The base budget recommendation for FY2010 is \$500,000. This recommendation has come with intent language in the past and is still recommended. The local match can be made in kind.

MOTION: Rep. Hendrickson moved to accept the following intent language:

The Legislature intends that the funds appropriated from the Transportation Fund for pedestrian safety projects be used specifically to correct pedestrian hazards on State highways.

The Legislature also intends that local authorities be encouraged to participate in the construction of pedestrian safety devices. The appropriated funds are to be used according to the criteria set forth in Section 72-8-104, Utah code Annotated, 1953. The funds appropriated for sidewalk construction shall not lapse. If local governments cannot use their allocation of Sidewalk Safety Funds in two years, these funds will be available for other governmental entities which are prepared to use the resources. It is the intent of the Legislature that local participation in the Sidewalk Construction Program be on a 75% state and 25% local match basis.

The motion passed unanimously with Sen. Jenkins, Sen. Robles, and Rep. Wimmer absent for the vote.

Equipment Management

The Equipment Management program is organized into two primary programs: Equipment Purchases and Central Repair Shops. The Division is responsible for management, maintenance and repair of the Department's 4100 unit, \$210,000,000 fleet. They have 88 employees and expend over \$20,000,000 to manage, operate, and maintain the fleet. They spend over \$8,300,000 to purchase replacement units and radios for the fleet. Under consideration is the idea to suspend purchases for one year in the interest of economy, saving \$8,359,000 which could be used for maintenance of highways. This would be a one-year suspension only. The FY 2010 base budget recommendation is \$17,806,100 for the two programs. The total recommendation for Equipment Purchases is \$8,359,000 with \$7,749,000 anticipated purchases for road equipment; \$60,000 for small shop tools and equipment; \$100,000 for 150 800 and 150 MHZ radios; and \$100,000 for fleet upgrades. Of the total \$17,806,100, \$3,389,700 is from the Transportation Fund and \$14,416,400 is from Dedicated Credits.

B & C Roads

B and C Roads consist of all public roads which are not State or federal roads and are financed from the Class B & C Roads Account. Title 72-2-107 appropriates 30% of the revenue collected in the Transportation Fund to the B & C Road Account. These funds are distributed to cities and counties based on the following formula: 50% based on the percentage that the population of the county or municipality bears to the total population of the State and 50% based on the percentage that the B & C Road weighted mileage of the county or municipality bears to the total B & C Road total weighted mileage (UCA 72-2-108).

House Bill 383 was enacted during the 2007 General Session of the Legislature that effected the appropriation to the B & C Roads. Provision of the bill eliminated the 1/16 cent Sales Tax that was being appropriated to the B & C roads. An offset to the sales tax appropriation was replaced by an increase from 25% to 30% of revenue collected in the Transportation Fund. The base budget for FY 2010 for the B & C Roads is in the amount of \$126,608,700. New revenue estimates and final expenditures from other Transportation Fund appropriations will likely necessitate adjusting this final appropriation to B & C Roads.

Committee members were encouraged to be thinking about other funding sources.

MOTION: Rep. Hendrickson moved to adjourn. The motion passed unanimously with Sen. Jenkins and Sen. Robles absent for the vote.

Sen. Van Tassell adjourned the meeting at 3:40 p.m.

Rep. Wayne Harper, Co-Chair

Sen. Kevin T. Van Tassell, Co-Chair